

Message Text

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PAGE 01 MOSCOW 18711 01 OF 02 081254Z
ACTION EUR-12

INFO OCT-01 ARA-10 EA-10 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /151 W
-----129443 081337Z /45

R 081245Z AUG 78
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 5270
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
USINT HAVANA
AMCONSUL HONG KONG
AMCONSUL LENINGRAD
AMEMBASSY LONDON
AMEMBASSY PARIS
USLO PEKING
AMEMBASSY PRAGUE
AMEMBASSY ROME
AMEMBASSY SOFIA
AMEMBASSY SINGAPORE
AMEMBASSY TAIPEI
USDOC WASHDC
USMISSION USBERLIN
USMISSION USNATO
AMEMBASSY WARSAW

LIMITED OFFICIAL USE SECTION 01 OF 02 MOSCOW 18711

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PAGE 02 MOSCOW 18711 01 OF 02 081254Z

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E.O. 11652: N/A
TAGS: CH, EEWT, ESTC, UR, US
SUBJECT: U.S. EXPORT CONTROL ACTIONS

REF: MOSCOW 17030 (NOTAL)

SUMMARY: PRAVDA'S "INTERNATIONAL WEEK" COLUMN RECOUNTS GROWING CONTACTS BETWEEN CHINESE OIL INDUSTRY AND U.S. FIRMS AND CONTRASTS THIS GROWING COOPERATION WITH THE RECENT WHITE HOUSE DECISION TO TIGHTEN CONTROLS ON LICENSES FOR EXPORT OF OIL FIELD TECHNOLOGY TO THE USSR. THAT ACTION IS HELD TO BE AN ATTEMPT TO STALL THE GROWTH OF SOVIET OIL EXTRACTION INDUSTRY. THE COLUMN DISMISSES THAT GOAL AS "UNATTAINABLE", BUT IT LARGELY TREATS REFUSALS OF LICENSES NOW AS FOREGONE CONCLUSION. THE COMMENTARY STATES THAT WITH THESE ACTION "THE PLAYING OF THE SO-CALLED 'CHINESE CARD' HAS BEEN PLACED ON A PRACTICAL FOOTING." COLUMN IS PART OF INTENSIVE WEEKEND PRESS ATTACK ON PRC, TREATED SEPTEL. END SUMMARY.

1. LENGTHY COMMENTARY AUGUST 6 IN PRAVDA "INTERNATIONAL WEEK" COLUMN BY BORIS OREKHOV NOTES GROWTH IN CONTACTS BETWEEN THE CHINESE OIL INDUSTRY AND U.S. FIRMS AND LINKS THIS DEVELOPMENT TO THE RECENT WHITE HOUSE DECISION TO PQSTO THE USSR OF EQUIPMENT DESTINED FOR THE OIL INDUSTRY, WASHINGTON ALREADY FOR SOME TIME HAS BEEN COOPERATING WITH PEKING IN THE VERY SAME FIELD".

2. OREKHOV CITES ON AP DISPATCH FROM HOUSTON TO THE EFFECT THAT CHINESE DELEGATIONS HAVE BEEN "QUIETLY LIMITED OFFICIAL USE

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PAGE 03 MOSCOW 18711 01 OF 02 081254Z

VISITING" OIL BUSINESSES AND DRILLING RIGS FOR SEVERAL YEARS IN AN EFFORT TO ACQUIRE FIRST-RANK TECHNOLOGY AND NOTES THAT THESE CONTACTS HAVE INCREASED ESPECIALLY DURING THE LAST SIX MONTHS. RECENT VISIT TO PRC OF PENNZOIL DELEGATION AND UPCOMING VISITS FROM PHILLIPS PETROLEUM, EXXON, AND UNION OIL OF CALIFORNIA ARE CITED IN THIS CONNECTION. OREKHOV STATES THAT, WITH THESE ACTIONS, THE PLAYING OF THE SO-CALLED "CHINESE CARD" HAS BEEN PLACED ON A PRACTICAL FOOTING.

3. COMMENT. OREKHOV COMMENTARY IS PART OF INTENSIVE WEEKEND PRESS BROADSIDE AGAINST THE PRC (REPORTED SEPTEL). EXTREME PESSIMISM OF SOVIET INTERPRETATION OF THE PRESIDENT'S DECISION ON SOVIET EXPORT LICENSE REQUESTS FOR OIL FIELD EQUIPMENT IS REFLECTED IN THE STATEMENT THAT THE WHITE HOUSE ACTION IS DELIBERATELY INTENDED TO STALL SOVIET OIL PRODUCTION. THIS IS THE FIRST TIME WE CAN RECALL SUCH A MOTIVE BEING ASCRIBED, IN CONTRAST TO THE CONVENTIONAL INTERPRETATION OF U.S. ECONOMIC SANCTIONS AS EFFORTS TO WREST POLITICAL CONCESSIONS FROM THE SOVIET UNION. IT IS ALSO OF INTEREST THAT, ALTHOUGH THE U.S. HAS YET TO DENY A REQUEST FOR AN

EXPORT LICENSE FOR OIL FIELD EQUIPMENT TO THE USSR SINCE
THE PRESIDENT'S ANNOUNCEMENT, THE OREKHOV COMMENTARY
REFERS TO U.S. "REFUSING" TO SELL SUCH EQUIPMENT. THIS
IS IN CONTRAST TO INITIAL SOVIET RESPONSE TO U.S. EXPORT
CONTROL ACTIONS (REFTEL), WHICH MERELY REFERRED TO

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PAGE 01 MOSCOW 18711 02 OF 02 081257Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 MOSCOW 18711

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PAGE 02 MOSCOW 18711 02 OF 02 081257Z

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"LIMITATIONS" ON EXPORTS OF DRILLING EQUIPMENT THROUGH
THE IMPOSITION OF WHITE HOUSE REVIEW OF INDIVIDUAL
APPLICATIONS. TOON

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Message Attributes

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Disposition Action: RELEASED
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Disposition Case Number: n/a
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Secure: OPEN
Status: NATIVE
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